

INFORMATION BULLETIN #51

SALES TAX

JANUARY 2003

(Replaces Bulletin #51 dated October 1983 and Bulletins #51E, 51G and 51W all dated April 1983)

DISCLAIMER: Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information, which is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUBJECT: Public Utilities

REFERENCES: IC 6-2.5-4-5; IC 6-2.5-4-6

INTRODUCTION

A person engaged as a public utility is a retail merchant making a retail transaction when the person furnishes or sells electrical energy, natural or artificial gas, water, steam or steam heating. The term public utility refers to any organization of any kind or nature furnishing or selling those services listed above, and having the right to eminent domain or subject to governmental regulation in any phase of its operation in furnishing those services.

The act of registering to be regulated by governmental units is not the activity which creates a public utility. It is, rather, the performance of that act which should be regulated by a governmental unit that creates a public utility of its responsibility to collect and remit taxes.

I. Public Utilities Furnishing Electrical Energy and/or Steam Heat

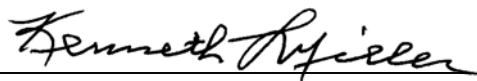
All purchases of tangible personal property by electric utilities are subject to sales tax unless the property purchased constitutes "production plant" or "power production" expenses as classified pursuant to the "Uniform System of Accounts" which was adopted and prescribed for the utility by the Indiana Utility Regulatory Commission.

II. Public Utilities Furnishing Natural or Artificial Gas

All purchases of tangible personal property by natural or artificial gas utilities are subject to sales tax unless the property purchased constitutes "production plant", "storage plant", "production expenses" and "underground storage expenses" as classified pursuant to the "Uniform System of Accounts" which was adopted and prescribed for the utility by the Indiana Utility Regulator Commission.

III. Public Utilities Furnishing Water

All purchases of tangible personal property by water utilities are subject to sales tax unless the property purchased constitutes "source of supply plant and expenses", "pumping plant and expenses" and "water treatment plant and expenses" as classified pursuant to the "Uniform System of Accounts" which was adopted and prescribed for the utility by the Indiana Utility Regulator Commission.



Kenneth L. Miller
Commissioner